

City of Detroit


CITY COUNCIL

IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: irvin@cncl.ci.detroit.mi.us

ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: March 24, 2010

RE: Designation of TechOne Development LLC, as an Innovation Center in accordance with MCL 211.7ii and MCL 211.9j as requested by Requested by Wayne State University Research and Technology Park (**Recommend Approval, with conditions**)

Introduction

Currently before your Honorable Body is a request from the Wayne State University Research and Technology Park "Tech Town" to designate the 440 Burroughs building as an "innovations center" under MCLs 211.7ii and 211.9j in order to be exempt from real and personal property taxes.

I appreciate the responses to my various questions on this project.

Background

The Local Development Financing Act

Public Act 248 of 2000 amended the Local Development Financing Act (PA 281 of 1986), to allow the Michigan Economic Development Corporation to designate up to ten certified technology parks in the State. Subsequently in 2002, the law was amended to allow two technology parks in Wayne County.

The certified technology parks are able to capture the growth in property taxes (tax increment revenues) within the park, and the captured revenue can be used for infrastructure construction, property purchases, marketing and promotion, and high-technology support centers as laboratories and facilities.

Per PA 248 of 2000, in 2002, your Honorable Body approved the Woodward Corridor Technology SmartZone, containing Tech Park Area #1 for tax increment purposes, primarily benefit of developing and maintaining the Wayne State University Research and Technology Park, a/k/a "Tech Town", where the 440

Burroughs building is located representing the “collaborations center” or incubator.

Tax Increment Financing and Development Plan

Also in 2002, the Council approved the Tax Increment Financing and Development Plan for Tech Park Area #1. This plan assumed that the park area would generate \$12.5 million in tax increment revenues over a 12-year period to help finance qualifying costs associated with the development of Tech Town. The plan anticipated approximately \$18 million would be spent on the Tech Town incubator project over three phases. Grants and loans would finance the difference. But according to Tech Town’s financial statements as of December 31, 2008, only approximately \$131,000 in tax incremental revenues has been generated.

Unfortunately, the park area has been unable to capture any revenue growth from the GM headquarters building since it was deeded over to the State of Michigan for State offices, rendering the building tax exempt, during 2002. At any rate, the original estimate of \$12.5 million in tax increment revenue seems to be very optimistic.

Tech Town Alternative Financing

In lieu of the tax increment revenue, the Tech Town holding organization created a for-profit subsidiary to generate \$7 million in historic tax credits on the 440 Burroughs property, and borrowed \$13 million in commercial loans to finance the \$20 million development of Tech Town. Fortunately, Wayne State University is guarantying these loans. Due to some cost overruns, all three phases are still not yet complete.

It should be noted that since its inception in 2004, Tech Town has received \$28.4 million in total investments from grants, contributions and loan guarantees. Some of the grants were capital grants to assist in the build out of 100,000 sq. ft. in the 440 Burroughs property. Other grants were used to support various training and business incubator programs.

Council should note that Wayne State University has provided \$2.25 million in cash contributions, and \$1.5 million in in-kind contributions, to help make Tech Town a success, in addition to guarantying the \$13 million in loans.

Tech Town’s Financial Challenges

The 2001 Tech Town business plan also assumed that the Tech Town holding organization would have a positive net income picture after the third year of operation. However, the Tech Town consolidated financial statements show a \$946,000 net loss in 2006 and a \$1.6 million net loss in 2007.

Tech Town's 2008 consolidated operating budget reflects a \$1.1 million deficit, almost depleting cash. The 2009 consolidated operating budget shows a \$702,000 deficit. And according to Tech Town representatives, the current 2010 budget reflects a \$750,000 operating deficit.

Tech Town's 2008 five-year business plan shows a financial breakeven analysis indicating that the operation may not breakeven until 2013. The plan does not include the funding for property taxes. Grants and/or loans in the amount of \$750,000 may need to be raised per year through 2012 to fund Tech Town's business incubator services, administrative overhead and staff.

Tech Town's Current Level of Job Creation

To replace the thousands of loss manufacturing and industrial jobs, especially in this region, undoubtedly a business incubator such as Tech Town is extremely important to our region to serve as the linchpin helping entrepreneurs establish new and emerging technology-based businesses to create new jobs.

It is worthy to note that the Kaufman Foundation has given a \$2 million grant to Tech Town, and the foundation may give an additional \$5 million under a New Economy Initiative. Fortunately, the Kaufman Foundation has recognized Tech Town as being the leading entrepreneurial training facility both nationally and internationally.

The duration of the Tax Increment Financing and Development Plan for Tech Park Area #1, starting in 2002, was for 12 years. The estimated number of jobs in the plan was 1,500.

Over the last 2 years, Tech Town has created approximately 700 direct jobs and 1,400 indirect jobs for a total of 2,100. From these jobs, approximately \$735,000 in Detroit-resident income taxes, and \$551,000 in non-resident income taxes, for a total of \$1.3 million in income taxes, is being generated. Currently, Tech Town's tenants include approximately 150 entrepreneurial companies.

Real Estate and Personal Property Tax Exemptions for "Innovations Center"

Public Act 245 of 2004 amended the General Property Tax Act of 1893 (MCL 211.7ii) to exempt real property of an "innovations center" located in a certified technology park from taxes collected under the act. No specific duration was included in the legislation, so the exemption could last in perpetuity. No more than one such center per park could be exempt.

Public Act 244 of 2004 amended the General Property Tax Act of 1893 (MCL 211.9j) to exempt personal property of an innovation's center" located in a

certified technology park and that is owned or used by the administration of the center or by a “qualified high-technology business” located in the center from taxes collected under the act. Again, no specific duration was included in the legislation, so the exemption could last in perpetuity.

The purpose of these acts is to allow an “innovations center” receive tax relief as a means of fueling the growth and development of technology-based start-up businesses. In addition, the technology-based start-up businesses could also receive tax relief.

Under these acts, an “innovations center” means real property that a) is a business incubator as that term is defined in section 2 of the local development financing act, 1986, PA 281, MCL 125.2152; b) is located within a single building; and c) is primarily used to provide space and administrative assistance to 1 or more qualified high-technology businesses located within the building.

A “qualified high-technology business” means a business that is either a) a business with not less than 25% of the total operating expenses of the business used for research and development as determined by generally accepted accounting principles; and b) a business whose primary business activity is high-technology activity. High-technology activities include advanced computing, data communications, advanced materials, biotechnology, life science technology, medical device technology, engineering or laboratory testing, etc.

Tech Town’s Initial Exemption Request

During the public hearing held on Thursday, March 4, 2010 in the Planning and Economic Development committee, representatives from Tech Town and its legal representatives requested that City Council designate the 440 Burroughs property as an “innovations center” under MCL 211.7ii and MCL 211.9j for the purpose of being exempt from real and personal property taxes in perpetuity.

Tech Town is seeking property tax relief to ease its operational short falls, and place it in a better position to refinance its outstanding debts and raise funds from foundations and other sources. The tax relief also would help to minimally offset the unrealized tax increment revenues as first anticipated.

Tech Town also requested that the exemption be granted retroactively starting in the 2009 tax year. Prior to 2009, the 440 Burroughs property was tax exempt since it appears the Assessors Office was aware of a reverter clause in the deed indicating the property could revert back to Wayne State University if the property was no longer used as a research and business incubator, even though Wayne State transferred the property to Tech Town in 2004.

The 2009 tax bill for Tech Town is \$110,000, and it is still outstanding, with interest and penalties. Now, the 2010 tax bill for Tech Town is due, which approximates \$110,000.

Tech Town's Updated Exemption Request

Although during the March 4th public hearing, members of the Planning and Economic Development expressed their general support for Tech Town's efforts in encouraging entrepreneurs create jobs in emerging industries, the members were also in disagreement with granting an exemption retroactively and in perpetuity.

Members of the committee also during a brief discussion on March 18th further emphasized their desire that the exemption be for a finite period of time with a focus on job creation.

Based on the feedback from Council members, the Fiscal Analysis Division and the City Planning Commission, Tech Town has revamped its exemption request. Tech Town has also agreed to codify the new terms and goals in a development agreement, entered into between the Planning and Development Department, on behalf of the City of Detroit, and Tech Town (i.e., Wayne State University Research and Technology Park), a non-profit, and TechOne Development LLC. This agreement is similar to development agreements entered into for past PA 328 abatement requests on personal property (100 percent exemption).

A draft copy of the Tech Town development agreement is attached. The legal representatives of Tech Town prepared the draft document. **This document needs to be reviewed by the Law Department.** The new terms and goals codified in the draft document are as follows:

1. 20-year abatement period, with a request for an extension in the 20th year.
2. A performance review of Tech Town operations at five-year intervals.
3. Job creation threshold, at 60 percent of projected jobs, every five years. Since Tech Town projects 2,000 jobs would be created by start-ups by 2015, the 60 percent threshold would be 1,200 jobs. If the number of jobs falls below the 60 percent threshold, Council could have a show cause hearing with Tech Town, and then consider revoking or reducing the exemption.
4. Tech Town would encourage start-ups located in the City to register as a "certified business" in the Human Rights Department. Tech Town agrees with the City Planning Commission's suggestion that at least 9% of the start-ups be registered as certified businesses. In addition, Tech Town will annually give CPC a report on the number of start-ups that have registered as certified businesses.

5. Tech Town would also explain any challenges start-ups generally face in creating jobs. Moreover, Tech Town would give a new projection on the number of jobs to be created from start-ups for the next five years as the measuring stick for the next five years.
6. If Tech Town relocates to a location outside the City of Detroit, Council would terminate the exemption, and the organization would reimburse to the City any amounts abated and unpaid.
7. Tech Town agrees to work with the Department of Workforce Development, Detroit Economic Growth Corporation, Office of Targeted Business Development, and the Office of Neighborhood Commercial Revitalization to maximize contractual possibilities, and program and resource assistance.
8. Tech Town will supply the Finance Department and Fiscal Analysis a copy of its audited annual consolidated financial report.

Conclusion and Recommendation

Tech Town, with the assistance of Wayne State University, the Michigan Economic Development Corporation, and other organizations and foundations, has provided an extremely important service to the City of Detroit, and the region, in spurring the creation and development of emerging high-tech businesses to help diversify the local economy.

To further demonstrate its eagerness to remain a good corporate citizen in the City, Tech Town has withdrawn its request for a retroactive exemption, and will pay its 2009 and 2010 tax bills; albeit, this will put a further strain on the organization's budget, resulting in possible program cuts.

If Council approves the exemption request, taxing jurisdictions would lose approximate \$2.2 million over the 20-year period. The City of Detroit would lose approximately \$900,000.

However, as mentioned previously, emerging companies from the Tech Town efforts are now generating approximately \$1.3 million in income taxes for the City.

Moving forward, Tech Town estimates that 400 new companies will each on average create 5 new jobs over the next 5 years, which translates into 2,000 new jobs. Using the U.S. Bureau of Labor and Statistics guideline of 2.16 indirect jobs created from each direct job, Tech Town estimates a total of 6,320 jobs. Tech Town anticipates 40% would represent Detroit residents, or over 2,500 jobs. These jobs could generate up to a total of \$3.9 million in additional Detroit income taxes.

Tech Town also provides community service to the City, including, a monthly entrepreneur breakfast, monthly first Friday entrepreneur networking events, quarterly business clubs for local entrepreneurs interested in doing business in China, India, Africa, and Israel, quarterly business clubs for faith-based institutions, amongst others.

Lastly, through the assistance of \$1.8 million in funding from the Business Development Fund from casino funds, Tech Town has developed a highly successful program for Detroit-based businesses, known as SmartStart. Currently, 87 companies are enrolled in the program for training purposes.

Based on the above analysis, we recommend approval of the Tech Town's updated exemption request, based on the terms and goals as outlined in the draft development agreement.

Before Council takes any action, however, your Honorable Body should receive from the Planning and Development Department:

1. A resolution for your action granting the exemption for an initial 20 years:
2. A development agreement that has been reviewed by the Law Department; and
3. Documentation showing that Tech Town has paid its outstanding taxes.

Attachment

cc: Council Divisions
Auditor General's Office
Warren Palmer, P&DD Director
Al Fields, Group Executive
Clinton Griffin, P&DD
Norman White, CFO
Tom Lijana, Group Executive
Pamela Scales, Budget Director
Randal Charlton, Executive Director, Tech Town
Denise Lewis, Esq., Honigman
Kamau Marable, Mayor's Office

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by Tech Town

**CITY OF DETROIT DEVELOPMENT AGREEMENT
UNDER PUBLIC ACTS 245 AND 244 OF 2004**

THIS CITY OF DETROIT DEVELOPMENT AGREEMENT (this "Agreement") is made as of the ____ day of _____, 2010 by and between the City of Detroit, ~~Wayne County~~, Michigan, a Michigan public body corporate, acting by and through its Planning and Development Department (the "City"), and Wayne State University Research and Technology Park in the City of Detroit, a non-profit corporation ("Tech Town"), and TechOne Development LLC, a Michigan limited liability company ("TechOne"). Collectively, Tech Town and TechOne are sometimes hereinafter referred to as the "Company".

R E C I T A L S

A. The Michigan Legislature enacted Public Act (P.A.) 245 of 2004 and P.A. 244 of 2004, amending P.A. 206 of 1893 (the "General Property Tax Act"), and adding MCL 211.7ii and MCL 211.9j, respectively, to the General Property Tax Act. MCL 211.7ii and MCL 211.9j are sometimes hereinafter, together, referred to as the "Statutes".

B. MCL 211.7ii provides real property tax exemption on real property that is designated an "innovations center." MCL 211.9j provides personal property tax exemption for personal property of certain users of the real property designated an "innovations center."

C. The Statutes state that the governing body of a local taxing collecting unit may adopt a resolution to exempt the innovations center from the collection of taxes for so long as the real property qualifies for the "innovations center" designation.

D. TechOne owns the land and improvements located at 440 Burroughs, Detroit, Michigan (the "Property"), more particularly described on Exhibit A attached hereto.

E. As required by the Statutes, the Property contains one building that is located in a certified technology park, that is subject to an agreement between the City and the Michigan Economic Development Corporation, and that is primarily used to provide space and administrative assistance to one or more qualified high-technology business located within the building.

F. The Company submitted a Petition ("Petition") dated December 16, 2009 to the City Council of the City ("City Council") for adoption of a resolution wherein, under the Statutes, City Council designates the Property an "innovations center" (the "Designation") so that the Property becomes exempt from real property taxes and certain personal property taxes pursuant to the Statutes (a copy of the Petition is attached hereto as Exhibit B).

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G. City Council, by a resolution (the "Resolution") dated _____, 2010 (the "Effective Date"), has granted the Designation (a copy of the Resolution is attached hereto as Exhibit ~~6B~~).

H. The Company and the City acknowledge that they are entering into this Agreement voluntarily.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the sufficiency and receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Term. The initial term of the Designation shall be twenty (20) full calendar years, commencing on the Effective Date and expiring January 1, 2031 (the "Term"), unless sooner terminated or extended by the City as provided herein. If the City does not rescind the Designation pursuant to Section 2(c) below, the City shall extend the Term for a number of years as the parties to this Agreement determine to be commercially reasonable at such time, but not to be less than five (5) years.

2. Job Creation and Detroit Business Retention.

~~(a) 2. Job Creation and Detroit Business Retention.~~ (a) Tech Town shall use its best efforts to cause Incubated Companies to create 1200 new full-time jobs (directly or indirectly) prior to the first Review Period (defined in Section 2(c) below) and, thereafter, ~~such to create as agreed by the parties the number of~~ full-time jobs prior to the immediately succeeding Review Date ~~as agreed to by the parties~~ ("Job Creation"). **Tech Town shall be deemed to have used its best efforts pursuant to this subsection if Tech Town professionally administers the FastTrac or SmartStart programs, or programs substantially similar, that provide training and mentoring to Incubated Companies throughout the Term.** The term "Incubated Companies" shall mean those individuals and companies trained or mentored by Tech Town. For purposes of this Agreement, a "full-time job" shall include a position with Tech Town or any Incubated Companies on a salary, wage, commission, or other basis, for a minimum period of thirty (30) hours a week.

(b) Tech Town shall use its best efforts to encourage Incubated Companies that are located in the City of Detroit to register as a "certified business" ("Business Retention"). The ~~Company~~ **Tech Town** shall be deemed to have used its best efforts pursuant to this subsection if **(i)** Tech Town encourages ~~Incubated~~ **Incubated** Companies that are located in the City of Detroit **and are otherwise qualified to register (collectively, "Qualified Incubated Companies")** to register as a "certified business" of the City of Detroit by applying to the City of Detroit Human Rights Department to be recognized as one or more of the following: **(iA)** a Detroit Headquartered Business, **(iiB)** a Detroit Based Business, **(iiiC)** a Detroit Small Business, **(ivD)** a Minority-owned Business Enterprise, or **(vE)** a Woman-owned Business Enterprise, **and (ii) each calendar year of the Term**

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at least nine percent (9%) of Qualified Incubated Companies are registered as a "certified business" of the City of Detroit.

(c) On or prior to the fifth (5th), tenth (10th), fifteenth (15th) and nineteenth (19th) anniversary of the Effective Date (each a "Review Date"), Tech Town shall submit to the City sufficient information in the City's commercially reasonable judgment regarding Tech Town ~~complying's~~ **compliance** with Job Creation and Business Retention. If in the commercially reasonable judgment of the City, Tech Town has not complied with Job Creation and/or Business Retention, the City may rescind the Designation; otherwise, the City shall not rescind the Designation. In any instance, prior to rescinding the Designation, the City must (a) provide written notice to the Company of the City's reason for determining that Tech Town has not complied with Job Creation and/or Business Retention, (b) afford the Company an opportunity to present at a public hearing the reasons for any failure to comply with Job Creation and/or Business Retention, and (c) provide the Company an opportunity to implement corrective action within ninety (90) days of such notice and diligently pursue the same to completion. Notwithstanding the foregoing, the City shall not rescind the Designation if, during the time period from the Effective Date through any applicable Review Date, the City of Detroit income tax cumulatively generated from Incubated Companies and their employees exceeds the amount of the Company's real and personal property taxes abated under the Statutes.

3. Exemption Reimbursement. If the Company ceases to maintain operations in the City of Detroit, the Term shall automatically terminate (the "Relocation Date"), and the Company shall reimburse to the City the total amount of the Company's real estate taxes and personal property taxes that were exempt and unpaid from the Effective Date through the Relocation Date.

4. Additional Services. The Company shall refer tenants of the Property and Incubated Companies to (a) Detroit Workforce Development Department, (b) the Detroit Economic Growth Corporation, (c) Office of Targeted Business Development, and (d) the Office of Neighborhood Commercial Revitalization for contractual opportunities, programs and other resources made available through such departments and agencies.

5. Tech Town's Financial Information Reporting to the City. Tech Town shall furnish to the City's Finance Department (Administration) and City Council's Fiscal Analysis Division a copy of its annual consolidated financial report, certified by an independent certified public accountant employed by Tech Town, within sixty (60) days after the date of certification. **Furthermore, Tech Town shall furnish on or prior to each anniversary of the Effective Date information to the City Planning Commission with respect to the number of Qualified Incubated Companies registered as a "certified business" of the City of Detroit.**

6. Due Organization; Authority; Enforceability. Tech Town warrants that it is a non-profit corporation duly formed, and validly existing under the laws of Michigan with the power and authority to make, execute, deliver and perform its obligations under this Agreement and that it has

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taken all necessary action to authorize the execution, delivery and performance of this Agreement. TechOne warrants that it is a limited liability company duly organized, and validly existing under the laws of Michigan with the power and authority to make, execute, deliver and perform its obligations under this Agreement and that it has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms; subject, as to enforcement to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equitable principles.

7. Conflict with Existing Laws or Contracts. Tech Town and TechOne, each for itself, warrant that the execution and delivery of this Agreement, and the performance of its obligations hereunder does not conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of its formation documents or its, respective, bylaws or operating agreement or of any agreement or instrument to which it is a party.

8. Further Assurances. Each party hereto shall execute and deliver all such further instruments and documents as may reasonably be requested by the other party in order to carry out fully the intent, and accomplish the purposes of this Agreement.

9. Waiver. No failure or delay on the part of a party in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies provided hereunder are cumulative and not exclusive of any remedies provided by law.

10. Amendments. Subsequent to the execution of this Agreement, no amendment, modification, termination or waiver of this Agreement or any provision hereof nor any consent to any departure herefrom shall be effective unless the same is in writing and signed by an authorized official of all parties, upon which any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on a party shall entitle such party to any other or further notice or demand in similar or other circumstances.

11. Governing Law. **THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN.**

12. Successors and Assigns. In the event of a sale, transfer, or conveyance of the Company's interest in the Property, the Company shall provide written notice to the City of such sale, transfer or conveyance of the Property, and all of the rights and obligations set forth herein shall inure to the benefit of and be a binding obligation on any and all successors and assigns of the Company.

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13. Severability. Any provision hereof which is prohibited or unenforceable in any jurisdiction, by operation of law, judgment, court order, or otherwise, shall as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remainder of this Agreement or the enforceability of such provision in any other jurisdiction.

14. Captions. Captions herein are included for convenience of reference only and shall not constitute a part hereof.

15. Notices. All notices, requests, demands, directions, declarations and other communications provided for herein shall be in writing and shall, except as otherwise expressly provided, be mailed by registered or certified mail, return receipt requested, or delivered by hand to the applicable party at its address indicated below:

If to the Company:

Wayne State University Research and Technology Park
in the City of Detroit
440 Burroughs Street
Detroit, Michigan 48202
Attention: President
Telephone No.: (313) 897-5249

With copies to:

Honigman Miller Schwartz and Cohn LLP
2290 First National Building
660 Woodward
Detroit, Michigan 48226
Re: Tech Town
Telephone No.: (313) 465-7000

and

Wayne State University
Office of the General Counsel
656 West Kirby
4249 Faculty Administration Building
Detroit, Michigan 48202-3622
Attention: General Counsel
Telephone No: (313) 577-2268

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If to the City:

The City of Detroit
Planning & Development Department
2300 Cadillac Tower
Detroit, Michigan 48226
Attention: Director
Telephone No.: (313) 224-6380

With copies to:

The City of Detroit
Finance Department
2 Woodward Avenue
1200 Coleman A. Young Municipal Center
Detroit, MI Michigan 48226
Attention: Chief Financial Officer
Telephone No.: (313) 224-3491

and

City Planning Commission
2 Woodward Avenue
202 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Attention: Director
Telephone No.: (313) 224-6225

and

City Council
Fiscal Analysis Division
2 Woodward Avenue
218 Coleman A. Young Municipal Center
Detroit, Michigan 48226
Attention: Director
Telephone No.: (313) 224-1076

and

The City of Detroit Law Department
First National Building

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Detroit, MI Michigan 48226
Attention: Corporation Counsel
Telephone No.: (313) 224-4550

Except as otherwise expressly provided herein, each notice, request, demand, direction, declaration and other communication shall be effective three days after deposit when deposited in the mail, postage prepaid, addressed as aforesaid; shall be effective one day after deposit when deposited in time for next-day delivery with a nationally recognized overnight courier service; and shall be effective upon delivery when hand delivered. Either party may change its address by a communication in accordance herewith.

16. Force Majeure. In the event of delay in the performance by a party of obligations under this Agreement due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God or of the public enemy, acts of terrorism, acts of the government, acts of the other party, labor strikes or lockouts, fires, floods, epidemics, or severe weather, the time for performance of such obligations shall be extended for the period of such delays; provided that the party seeking the benefit of the provisions of this Section shall, within thirty (30) days after the beginning of such delay, have first notified the other party in writing of the causes of the delay.

17. Counterparts and Telecopied Signatures. This Agreement may be executed in multiple counterparts (including by facsimile), each of which shall be deemed an original and all of which, together, shall constitute one fully executed agreement. The signature of any party to any counterpart shall be deemed to be a signature to, and may be appended to, any other counterpart and shall be conclusive proof of such party's execution of this Agreement.

18. Recitals. The Recitals at the outset of this Agreement are true and correct and made a part hereof.

19. Entire Agreement. This Agreement represents the entire understanding and agreement of the parties regarding the Designation.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, Tech Town, TechOne and the City each have caused this Agreement to be executed as of the date first written above.

WITNESSES:

**THE CITY OF DETROIT, a Michigan public
body corporate**

Name:

By: _____
Warren Palmer, Director
Planning & Development Department

Name:

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on the _____ day of _____, 2010, by Warren Palmer, the Director for the Planning and Development Department of the City of Detroit.

Signature: _____
Print: _____
Notary Public, Wayne County, Michigan
My commission expires: _____

WITNESSES:

**TECHONE DEVELOPMENT LLC, a Michigan
limited liability company**

Name:

By: TECHONE HOLDING CORPORATION,
a Michigan corporation, Managing Member

Name:

By: _____
Randall Charlton, Authorized Agent

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on the _____ day of _____, 2010, by Randall Charlton, the authorized agent of TechOne Holding Corporation, the managing member of TechOne Development LLC, on behalf of the company.

Signature: _____
Print: _____
Notary Public, Wayne County, Michigan
My commission expires: _____

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WITNESSES:

**WAYNE STATE UNIVERSITY RESEARCH
AND TECHNOLOGY PARK IN THE CITY OF
DETROIT, a Michigan non-profit corporation**

Name:

By: _____
Randall Charlton, President

Name:

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on the _____ day of _____, 2010, by
Randall Charlton, the President of Wayne State University Research and Technology Park in the City of Detroit on behalf
of the corporation.

Signature: _____
Print: _____
Notary Public, Wayne County, Michigan
My commission expires: _____

Approved by City Council on: _____

Approved by Mayor on: _____

Approved:

Approved as to form and execution:

Name: _____
Chief Financial Officer
City of Detroit

Supervising Asst. Corporation Counsel
City of Detroit Law Department

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EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Land situated in the City of Detroit, County of Wayne, State of Michigan, described as:
Lots 37 and 38, including 1/2 of the vacated alley lying adjacent to said lots, of MANDLEBAUM'S SUBDIVISION OF OUT LOT 117, CASS FARM, according to the plat thereof, as recorded in Liber 2 of Plats, Page 8A, Wayne County Records. Also Lots 10 and 11, Block 12, including 1/2 of the vacated alley lying adjacent to said lots, of CASS FARM COMPANY LIMITED SUBDIVISION OF BLOCKS 111, 112, 113, 114, 115, 116, 118, and 119, AND PART OF BLOCK 117, CASS FARM, according to the plat thereof, as recorded in Liber 19 of Plats, Page 35, Wayne County Records.

MORE PARTICULARLY DESCRIBED AS:

Lots 10 and 11, Block 12, including 1/2 of the North-South vacated alley (18 feet wide) and 1/2 of the East-West vacated alley (20 feet wide) lying adjacent to said Lots, CASS FARM COMPANY. LIMITED, SUBDIVISION OF BLOCKS 111, 112, 113, 114, 115, 116, 118 and 119 and PART OF BLOCK 117, CASS FARM, City of Detroit, Wayne County, Michigan, as recorded in Liber 19, Page 35 of Plats, Wayne County Records, and Lots 37 and 38, including 1/2 of the East-West vacated alley (20 feet wide) lying adjacent to said Lots, MANDLEBAUM'S SUBDIVISION OF OUT LOT 117, CASS FARM, City of Detroit, Wayne County, Michigan, as recorded in Liber 2, Page 8 of Plats, Wayne county Records, and being more particularly described as: Commencing at the Northwesterly corner of Cass Avenue (80 feet wide) and Burroughs Avenue (50 feet wide), and running thence South 66 degrees 58 minutes 00 seconds West 154.00 feet along the Northerly line of Burroughs Avenue (50 feet wide) to a point of beginning; thence South 66 degrees 58 minutes 00 seconds West 198.53 feet along the Northerly line of Burroughs Avenue (50 feet wide) to a point on the Easterly line of the North-South public alley (20 feet wide); thence North 22 degrees 56 minutes 00 seconds West 160.09 feet along the Easterly line of North-South public alley (20 feet wide) to a point on the centerline of the East-West vacated alley (20 feet wide); thence North 66 degrees 58 minutes 00 seconds East 198.89 feet, along the centerline of the East-West vacated alley (20 feet wide) to the point of intersection of the centerline of the East-West vacated alley (20 feet wide) with the centerline of the North-South vacated alley (18 feet wide); thence South 22 degrees 48 minutes 15 seconds East 160.09 feet, along the centerline of the North-South vacated alley (18 feet wide) to the point of beginning.

**3-24-10 DRAFT Document for Discussion Purposes Only
Terms & Conditions are not Final & Subject to Review and Approval
by Tech Town**

EXHIBIT B

THE PETITION

(see attached) ~~EXHIBIT C~~

THE RESOLUTION

(see attached)